

RETAIL

## China's secondhand luxury market deserves far more attention

May 27, 2022



The secondhand luxury landscape in mainland China is changing quickly as attitudes toward used goods evolve and young consumers enter the market. Image credit: Jing Daily

By [Jing Daily](#)

Subscribe to **Luxury Daily**  
Plus: Just released  
State of Luxury 2019 **Save \$246 ▶**

Jing Daily's insight report "Leveraging China's Online Luxury Resale Boom," is available for purchase on its [Reports page](#). Packed with 68 pages of market research, exclusive interviews, and on-the-ground consumer insights, the report is a must-read for anyone interested in tapping one of China's fastest-growing luxury retail segments. Get your copy of the report [here](#).

With China's retail market recently impacted by [large-scale COVID-19 lockdowns](#) after nearly two years of relative normalcy, the outlook for luxury brands for the remainder of 2022 is murky, to say the least, and looks especially grim when compared to last year's domestic luxury spending spree.

In 2021, Chinese consumers spent an estimated \$73.6 billion on luxury goods domestically, a massive increase over the \$53.6 billion spent at domestic stores in 2020 and nearly double the \$36.9 billion spent in the pre-pandemic year of 2019.

And while luxury shopping closer to home continues, [the most recent round of COVID lockdowns](#) in multiple mainland Chinese cities is just one of several factors that slowed luxury spending in the first half of 2022.

Even if lockdowns are never to return, recent [price hikes](#) by brands such as Louis Vuitton, Celine and Chanel, and a [still-yawning price gap](#) between mainland China and other key luxury markets could dissuade some otherwise keen consumers to reconsider their intended purchases.

One area that could see significant growth powered by price increases, the current COVID situation and [still-weak global travel](#) among Chinese tourist-shoppers is secondhand luxury ecommerce.

Driven largely by younger consumers, primarily millennials and increasingly Gen Zers, the secondhand luxury landscape in mainland China is changing quickly as attitudes toward used goods evolve.

Younger Chinese consumers are far more open to the concept of purchasing secondhand luxury than older generations, and their interest in or, arguably, their preference for buying luxury goods online has powered a sharp

rise in the number of online platforms catering to this growing demand.

In addition to being less resistant to the idea of purchasing used luxury goods, young consumers in China have shown themselves highly impatient, preferring to "jump the line" and get the luxury items they want now even if they are secondhand rather than getting on a brand waitlist or, in the case of brands such as Hermès, have a chance of purchasing a brand's top handbags in a boutique at all.

As [Sohu recently noted](#), "[Chinese] consumers have hoarded a huge amount of luxury goods in recent years, a large number of which are gifts, which means the products are brand new and not inferior to those purchased in stores."

Previously, Sohu added, consumers required luck, long lists of previous purchases, or long waits in queues to purchase limited-edition or "it" items, but face fewer restrictions when purchasing secondhand items.

If we do indeed see a huge increase in the number of young Chinese consumers turning to secondhand luxury platforms in 2022, hoping to score a deal or sidestep brand price increases, the question is who will benefit the most.

The market lacks a clear market leader, even as tech giants invest more in in-house platforms, such as Alibaba's Idle Fish, meaning a Wild West atmosphere still pervades and authentication and rampant fakes remain major market challenges.

International luxury resale platforms hoping to tap the Chinese market will need to consider the strengths and differentiators that can help them compete with nimble and well-capitalized domestic rivals.

Two ways that global players can compete are by emphasizing their ability to source from overseas and by trumpeting their authentication credentials.

Unlike global platforms such as The RealReal or Vestiaire Collective, both of which are able to procure luxury goods from sellers around the world, Chinese platforms operating under a consignment model generally source from sellers based in the country, while those using a "vintage store" model purchase the items for storage in their own warehouse facilities.

While price, trustworthy authentication and inventory are, of course, key for secondhand luxury platforms, the deciding factor for consumers this year could be who provides the best service.

As Sohu points out, "The biggest problem facing the development of the luxury ecommerce industry is that consumers have no satisfaction' when spending on secondhand luxury platforms. Deep down, luxury consumers pay more attention to experience and service, and spiritual enjoyment over material desires, which makes luxury consumption naturally rely on the offline experience. But this desire is difficult to satisfy via ecommerce."

This means the sky is the limit for the luxury resale ecommerce platform that can provide the best experience and post-sales service.

*For more on tapping China's burgeoning secondhand luxury market, download the [Jing Daily market report, "Leveraging China's Online Luxury Resale Boom."](#)*

*Published with permission from [Jing Daily](#). Adapted for clarity and style.*